

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0100-01
Bill No.: HB 151
Subject: Abortion; Appropriations; Tax Credits; Economic Development; Political Subdivisions; Science and Technology; Sunshine Law, Meetings and Records
Type: Original
Date: January 8, 2015

Bill Summary: This proposal prohibits any public funds or governmental economic incentives to be authorized for a project involving abortion services, human cloning, or prohibited human research.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
General Revenue	(Up to \$687,833)	(Up to \$149,676)	(Up to \$151,241)
Total Estimated Net Effect on General Revenue	(Up to \$687,833)	(Up to \$149,676)	(Up to \$151,241)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
University	(Unknown)	(Unknown)	(Unknown)
Total Estimated Net Effect on <u>Other</u> State Funds	(Unknown)	(Unknown)	(Unknown)

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 10 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
General Revenue	4	4	4
Total Estimated Net Effect on FTE	4	4	4

☒ Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any of the three fiscal years after implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Revenue (DOR)** provide the following assumptions:

Section 188.178 - Prohibition of public/governmental funds for projects involving prohibited activities

This section of law restricts economic incentive programs from providing benefits to research projects involved in abortion services, human cloning, or prohibited human research. This may prevent the DOR from issuing tax deductions, abatements, reductions, and tax credits to any individual or business with an economic incentive project or research project that involves those procedures.

Administrative Impact:

If the DOR requires every tax filer to report their involvement in the prohibited actions and then systematically eliminate all deductions and credits from their account, it requires a significant amount of programming for all tax types, requires additional items to be captured on each tax return filed, and results in many additional errors and additional customer contacts.

The DOR must create a checkbox for taxpayers to check to indicate they are engaging in abortion services, human cloning, or other prohibited human research. The DOR also requires programming to capture the check box. Implementation requires updating forms, website, etc. to notify the taxpayers of this requirement.

Personal Tax:

Personal Tax requires two (2) Revenue Processing Technicians I (\$26,384 annually, each) for correspondence and error correction.

Corporate Tax:

The section requires two (2) Revenue Processing Technicians I (\$26,384 annually, each) for error correction and correspondence.

Withholding Tax:

Withholding Tax requires one (1) Revenue Processing Technician I (\$26,384 annually, each) for withholding correspondence.

Collections & Tax Assistance:

Collections & Tax Assistance will see additional customer contact if taxpayers are prohibited the issuance of all tax deductions, abatements, reductions, and tax credits to any individual or business involved with an economic incentive project or research project that involves abortion

ASSUMPTION (continued)

services, human cloning, or human research. Collections & Tax Assistance requires two (2) Tax Collection Technicians I (\$26,384 annually, each) for contacts annually on the non-delinquent and delinquent tax lines. Each technician requires CARES equipment.

Sales Tax:

Technical Support section requires one (1) Revenue Processing Technician I (\$26,384 annually) for each additional 2,000 pieces of correspondence per year. Tax Resolution section requires one (1) Revenue Processing Technician I (\$26,384 annually) for each additional 500 refund claims denied.

Integrated Tax System:

Changes will be required to the DOR's Integrated Tax System that are outside the scope of the current contract. One-time changes to implement this legislation will cost \$122,980.

The Office of Administration, Information Technology Services Division (OA-ITSD) indicates this proposal will require 5,547 hours of contracted IT services at \$75 per hour, for a total cost of \$416,016. Therefore, the IT-related costs of this proposal will total \$538,996 (\$122,980 one-time system changes + \$416,016 contracted services) for FY 16.

DOR estimates the total fiscal impact of this proposal on the General Revenue Fund to be \$904,232 for FY 16 ; \$374,684 for FY 17; and \$378,582 for FY 18.

Oversight assumes any public funds or governmental economic incentives that might have been authorized for projects involving abortion services, human cloning, or prohibited human research would have gone to research institutions, colleges or universities, or corporations and that funding would not have been provided to individuals. Therefore, Oversight assumes the DOR would not require additional FTE for the Personal Tax (2 FTE), Withholding Tax (1 FTE), or Sales Tax (2 FTE dependent on the number of pieces of correspondence and refund claims denied) Divisions.

Oversight has, for fiscal note purposes only, changed the starting salary for Revenue Processing Technicians I to correspond to the second step above minimum for comparable positions in the state's merit system pay grid. This decision reflects a study of actual starting salaries for new state employees for a six month period and the policy of the Oversight Subcommittee of the Joint Committee on Legislative Research.

Oversight assumes the DOR could request additional funding through the appropriations process if the amount of correspondence, denied refund claims, and other duties required by this proposal results in the need for additional staff.

ASSUMPTION (continued)

Officials from the **University of Missouri (UM)** state the proposed legislation could have a possible negative fiscal impact on UM. However, not enough information is available to estimate the amount of potential impact.

Oversight notes that it is unclear how the legislation might impact research at the UM. Therefore, Oversight assumes an unknown impact to University Funds.

Officials from the **City of Kansas City (City)** state they are unable to determine the potential fiscal impact of this proposal. The bill's standing provision invites the possibility of litigation that the City might have to defend, even if the litigation is unwarranted. The potential exposure cannot be ascertained and the extent to which people might litigate is unknown.

In addition, the City is unable to determine the potential loss of revenue. The extent to which the City might lose revenues depends on the amount, if any, of economic incentive projects related to abortion services, human cloning or prohibited human research that would not be implemented absent incentives.

Oversight assumes because the potential for litigation and possible loss of future economic incentive projects to be speculative that the City of Kansas City will not incur significant costs/revenue losses related to this proposal.

Officials from the **Office of the Secretary of State (SOS)** state many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to the SOS for Administrative Rules is less than \$2,500. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, the SOS also recognizes that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what the office can sustain with the core budget. Therefore, the SOS reserves the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

Oversight assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process.

ASSUMPTION (continued)

Officials from the **Office of Attorney General (AGO)** assume any potential costs arising from this proposal can be absorbed with existing resources. The AGO may seek additional appropriations if significant litigation results.

Officials from the **Department of Agriculture**, the **Department of Economic Development**, the **Department of Elementary and Secondary Education**, the **Department of Higher Education**, the **Department of Health and Senior Services**, the **Department of Insurance**, **Financial Institutions and Professional Registration**, the **Department of Mental Health**, the **Department of Natural Resources**, the **Department of Corrections**, the **Department of Labor and Industrial Relations**, the **Department of Public Safety - Missouri State Highway Patrol**, the **Department of Social Services**, **MO HealthNet Division** and the **Division of Legal Services**, the **Missouri Department of Conservation**, the **Missouri Department of Transportation**, the **Missouri Office of Prosecution Services**, the **Office of Administration**, **Commissioner's Office**, the **Office of State Courts Administrator**, the **State Auditor's Office**, the **Office of State Public Defender**, the **Office of State Treasurer**, the **City of Columbia**, the **City of Jefferson**, **St. Louis County**, the **Columbia-Boone County Department of Public Health and Human Services**, the **Harrison County Public Health Department**, the **City of Independence Health Department**, **Lincoln University**, **State Fair Community College**, **State Technical College of Missouri**, **Missouri Southern State University**, **Missouri State University**, **Missouri Western State University**, **St. Louis Community College**, and the **University of Central Missouri** each assume the proposal would not fiscally impact their respective agencies.

Officials from the **Monroe County Clerk's Office** provided a response to **Oversight's** fiscal note request but did not indicate a fiscal impact.

Officials from the following **cities**: Ashland, Belton, Bernie, Bonne Terre, Boonville, California, Cape Girardeau, Clayton, Dardenne Prairie, Excelsior Springs, Florissant, Frontenac, Fulton, Gladstone, Grandview, Harrisonville, Independence, Joplin, Kearney, Knob Noster, Ladue, Lake Ozark, Lebanon, Lee Summit, Liberty, Louisiana, Maryland Heights, Maryville, Mexico, Monett, Neosho, O'Fallon, Pacific, Peculiar, Pineville, Popular Bluff, Raytown, Republic, Richmond, Rolla, Sedalia, Springfield, St. Charles, St. Joseph, St. Louis, St. Robert, Sugar Creek, Sullivan, Warrensburg, Warrenton, Webb City, Weldon Spring and West Plains did not respond to **Oversight's** request for a statement of fiscal impact.

Officials from the following **counties**: Andrew, Atchison, Audrain, Barry, Bollinger, Boone, Buchanan, Callaway, Camden, Cape Girardeau, Carroll, Cass, Clay, Cole, Cooper, DeKalb, Dent, Franklin, Greene, Holt, Jackson, Jefferson, Johnson, Knox, Laclede, Lawrence, Lincoln,

ASSUMPTION (continued)

Marion, McDonald, Miller, Moniteau, Montgomery, New Madrid, Nodaway, Ozark, Perry, Pettis, Platte, Pulaski, Scott, Shelby, St. Charles, St. Francois, Taney, Warren, Wayne and Worth did not respond to **Oversight's** request for a statement of fiscal impact.

Officials from the following **health departments**: Audrain County Health Unit, Cass County Health Department, Henry County Health Center, Howell County Health Department, Jefferson County Health Department, Linn County Health Department, Madison County Health Department, McDonald County Health Department, Miller County Health Center, Morgan County Health Center, Nodaway County Health Center, Platte County Health Department, Randolph County Health Department, Reynolds County Health Center, Ripley County Health Center, Shelby County Health Department and the St. Francois County Health Center did not respond to **Oversight's** request for a statement of fiscal impact.

Officials from the following **colleges and universities**: Crowder, East Central, Harris-Stowe, Jefferson College, Kansas City Metropolitan Community College, Moberly Area Community College, Northwest Missouri State University, Southeast Missouri State University, St. Charles Community College, Three Rivers Community College, and Truman State University did not respond to **Oversight's** request for a statement of fiscal impact.

<u>FISCAL IMPACT - State Government</u>	FY 2016 (10 Mo.)	FY 2017	FY 2018
GENERAL REVENUE FUND			
<u>Avoided lost revenue - DOR</u>			
Reduction in deductions, abatements, forgiveness of taxes, etc.	Unknown	Unknown	Unknown
<u>Costs - DOR (\$188.178)</u>			
Personal service	(\$78,800)	(\$95,506)	(\$96,461)
Fringe benefits	(\$40,980)	(\$49,668)	(\$50,165)
IT-related costs	(\$538,996)	\$0	\$0
Equipment and expense	(\$29,057)	(\$4,502)	(\$4,615)
Total <u>Costs - DOR</u>	<u>(\$687,833)</u>	<u>(\$149,676)</u>	<u>(\$151,241)</u>
Estimated FTE Change - DOR	4.0 FTE	4.0 FTE	4.0 FTE
ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND	<u>(Up to \$687,833)</u>	<u>(Up to \$149,676)</u>	<u>(Up to \$151,241)</u>
Estimated Net FTE Change on the General Revenue Fund	4.0 FTE	4.0 FTE	4.0 FTE

<u>FISCAL IMPACT - State Government</u>	FY 2016 (10 Mo.)	FY 2017	FY 2018
UNIVERSITY FUNDS			
<u>Costs - Universities (\$188.178)</u>			
Impact on research	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
ESTIMATED NET EFFECT ON UNIVERSITY FUNDS	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
 <u>FISCAL IMPACT - Local Government</u>	 FY 2016 (10 Mo.)	 FY 2017	 FY 2018
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

This proposal could have a direct, negative fiscal impact on small businesses that are involved with activities prohibited by this proposal if they lose economic incentives because of that involvement.

FISCAL DESCRIPTION

The provisions of this proposal provide that neither public funds nor governmental economic incentives shall be expended, paid, provided, granted, or authorized to or for the benefit of an existing or proposed research project or an existing or proposed economic incentive project that involves abortion services, human cloning, or prohibited human research. A research project or governmental economic incentive project that receives public funds or governmental economic incentives shall not share costs with another project, person, or entity that is not eligible to receive public funds or governmental economic incentives.

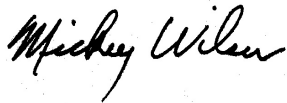
This legislation is not federally mandated and would not duplicate any other program.

SOURCES OF INFORMATION

Office of Attorney General
Department of Agriculture
Department of Economic Development
Department of Elementary and Secondary Education
Department of Higher Education
Department of Health and Senior Services
Department of Insurance, Financial Institutions and Professional Registration
Department of Mental Health
Department of Natural Resources
Department of Corrections
Department of Labor and Industrial Relations
Department of Revenue
Department of Public Safety -
 Missouri State Highway Patrol
Department of Social Services -
 MO HealthNet Division
 Division of Legal Services
Missouri Department of Conservation
Missouri Department of Transportation
Missouri Office of Prosecution Services
Office of Administration -
 Commissioner's Office
 Information Technology Services Division
Office of State Courts Administrator
State Auditor's Office
Office of Secretary of State
Office of State Public Defender
Office of State Treasurer
City of Columbia
City of Jefferson
City of Kansas City
Monroe County Clerk's Office
St. Louis County
Columbia-Boone County Department of Public Health and Human Services
Harrison County Public Health Department
City of Independence Health Department
Lincoln University
Missouri Southern State University

SOURCES OF INFORMATION (continued)

Missouri Western State University
Missouri State University
State Fair Community College
State Technical College of Missouri
St. Louis Community College
University of Central Missouri
University of Missouri



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January 8, 2015

Ross Strobe
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January 8, 2015